

MCA/Calling Scope Task Force
June 15, 2004 Meeting
Commission Staff's Task Force Notes

Task Force Members (in attendance)

1. Senator Jim Matthewson
2. Senator John Griesheimer
3. Representative Robert Thane Johnson
4. Representative Rachel L. Bringer
5. Craig Unruh (SBC)
6. John Idoux (Sprint operations)
7. Larry Dority sat-in for Arthur Martinez. (CenturyTel and Spectra)
8. Bill Biere (Chariton Valley)
9. Matthew Kohly (AT&T operations)
10. Karen Messerli (Mayor of Lee Summit) Appointed by Missouri Municipal League.
11. Mike Dandino (Office of Public Counsel)
12. John Van Eschen (Staff of the Mo PSC)
13. Bill Voight (Staff of the Mo PSC)
14. Natelle Dietrich (Staff of the Mo PSC)

I. Introduction/HouseKeeping/Opening Remarks

- Chair Van Eschen expressed some general thoughts about how the Task Force will work:
 - Plan to use e-mail to distribute information to task force members as well as to any other interested party.
 - Non-Task Force members may participate in the meetings but will not be involved in determining the Task Force's course of action or any recommendations contained in the Final Report.
 - Task Force will strive to develop consensus. Disagreements on course of action will be resolved by a vote of Task Force members. Majority rules.
 - The Task Force will try to achieve a consensus in the responses to Commission questions contained in the Task Force's Final Report. If Task Force members ultimately disagree on how to respond the Final Report may also contain an opposing viewpoint that differs from the viewpoint of the majority of the Task Force members. The Final Report should identify which Task Force members support a particular recommendation, response or viewpoint.

- Opening remarks of various task force members:
 - Technological changes are driving changes in the definitions of local and long distance calling;
 - What happened in the past, problems and solutions, must not constrain how problems are analyzed and solved in the future;
 - Changes in MCA raise compensation concerns
 - Intercompany;
 - Consumer;
 - MCA has achieved historical goals;
 - Changes going forward may not be viable
 - NXX vs LNP;
 - Rural companies serve higher cost areas;
 - Rural telcos can be harmed if not careful.
 - Recognition that there are cost differentials which must be satisfied
 - Surcharges are favored by one Task Force member to satisfy cost differentials
 - Recognition there is “line drawing issue.” People do not want to be on the other side of a new or redrawn boundary if such is recommended.
 - Who is going to pay the tab for expanded calling scopes? Need to come up with a workable plan for rural areas.

II. Overview of Relevant Material

a. History/Status of Expanded Calling in Missouri:

- A binder of prior Commission decisions, filings, and Task Force reports relevant to either the MCA plan or calling scopes was presented to each Task Force member. John Van Eschen provided a brief overview of this material.

b. History/Status of MCA

- Bill Voight discussed the current MCA structure. The MCA was established in 1992. The Commission’s Report and Order establishing the MCA is in Tab D (Case No. TO-92-306)
- The Commission issued a Report and Order in Case No. TO-99-483 (Tab I) which ensured competitive local exchange companies may also participate in the MCA plan after the passage of the Telecommunications Act of 1996
- A prior task force previously investigated the MCA plan. Bill Voight discussed the MCA-2 plan (further described in Tab J of the binder) that resulted from this prior task force. MCA-2, if implemented, would allow a MCA subscriber to call anyone within the MCA area regardless of whether the called party subscribed to MCA. Mr. Voight described some of the reasons why MCA-2 has been proposed (customers located in an MCA

area's optional tiers must change their telephone number in order to unsubscribe or subscribe to the MCA plan, confusing toll-free calling scope of the current MCA plan, complications associated with local number portability).

c. Basic Information About Toll Service in Missouri

- Bill Voight discussed the current structure of toll service in Missouri for intrastate calls (originate and terminate within Missouri) and telephone calls for interstate calls (originate and terminate within different states). The Missouri Public Service Commission has jurisdiction of toll rates for intrastate calls while the Federal Communications Commission (FCC) has jurisdiction of toll rates for interstate calls.
- A customer would pay the long distance carrier for long distance calls.
- There is an inter-carrier compensation arrangement whereby the long distance carrier must compensate the local carriers for the use of their network in originating and terminating the long distance call. The long distance carrier must pay the originating company (i.e., switching and transporting the call to the long distance carrier) and the terminating company for terminating the call after the call is handed off from the long distance carrier to the terminating company for switching and transporting the call to the proper party.
- Inter-carrier compensation revenue impacts may be an issue in considering proposals impacting calling scopes or the MCA.

III. Scope of Task Force

The Task Force discussed a previously distributed document outlining the basic scope of the Task Force. Some Task Force members may still have questions about the Commission's expectations for the Task Force; however no specific changes were proposed for the document.

- Questions were raised concerning:
 - The jurisdiction of the Missouri Public Service Commission versus the jurisdiction of the Federal Communications Commission.
 - What does the Missouri Commission regulate?
 - What is basic local phone service?

(A copy of 386.020 RSMo was distributed to Task Force members. The Task Force briefly discussed the definitions pertaining to basic local telecommunications service and telecommunications service.)

- Does the Missouri Commission have the authority to change the MCA? (It is anticipated that a future meeting this issue will be discussed.)
- The capital investment of a telecommunications company. How is it paid off?

IV. Specific Task Force Action

- The Task Force discussed the prospect of conducting a survey or surveys. Natelle Dietrich discussed how the University of Missouri's Center for Advanced Social Research could help conduct a survey. The Task Force determined to further investigate the prospect of conducting a survey. The next meeting should focus on such an effort.
- The Task Force discussed whether companies participating in the MCA plan should comply with Ordered Nos. 11 and 12 as found in the May 25, 2004 Order Appointing Task Force Members and Scheduling Meeting in Case No. TW-2004-0471. The Commission originally directed such companies to file illustrative tariff revisions to implement the MCA-2 proposal or any proposed revisions to MCA by June 25th. Task Force members disagreed on whether to postpone such filings. The majority of the Task Force determined that companies may not need to submit such filings on June 25, 2004. The Task Force will later determine when such information is needed. Companies will be provided 30 days to provide such illustrative tariffs. The Commission Staff will further discuss how to notify the Commission of this Task Force decision.
- The binder lacks copies of the petitions filed in Case No. Case No. TO-2001-391 involving: Greenwood, Lexington, Warrensburg, Grain Valley, Innsbrook/Wright City and Ozark County. Mike Dandino will provide copies of the petitions to Staff to distribute to the Task Force. Mike Dandino clarified that the reference to Ozark County should really be to the Ozark exchange.
- Representative Johnson inquired whether the residential market is competitive. Specifically who are the top three providers of basic local telecommunications service in Kansas City, St. Louis, Springfield and outstate Missouri? Staff will see what information is available to respond to his inquiry.

V. Future Meetings

- The next meeting is scheduled for 10:00 on Thursday, June 24 in Conference Room 470 of the Governor Office Building in Jefferson City.